

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 580 - SB 1037**

February 27, 2019

**SUMMARY OF BILL:** Decreases, from five to four percent, the percentage of the total amount appropriated to the Broadband Accessibility Grant Program (Program) in any fiscal year, which may be used by the Department of Economic and Community Development (ECD) to offset administrative costs.

**ESTIMATED FISCAL IMPACT:**

**NOT SIGNIFICANT**

Assumptions:

- According to ECD, the amount of appropriations provided for the program in FY17-18 totaled \$10,000,000.
- Of this amount, \$9,844,862, or approximately 98.4 percent of total appropriations (\$9,844,862 / \$10,000,000), was awarded for grants, for purposes listed in Tenn. Code Ann. § 4-3-708(e).
- Of the remaining \$155,138 (\$10,000,000 - \$9,844,862), \$103,904 was granted to the State Libraries and Archives (pursuant to the Broadband Accessibility Grant Program as outlined in Tenn. Code Ann. § 4-3-708(f)). According to ECD, this allocation has been taken out of the current five percent allocated to the Department for administrative costs.
- Of the remaining \$51,234, (\$10,000,000 - \$9,844,862 - \$103,904), ECD uses \$37,830 to contract with a vendor for the purpose of GPS mapping, which enables the Department to more accurately assess the statewide demands for broadband service. According to the ECD, this cost has been taken out of the current five percent allocated to the Department for administrative costs.
- The remaining \$13,404 (\$10,000,000 - \$9,844,862 - \$103,904 - \$37,830) is used defray the remaining administrative costs incurred by the ECD.
- Altogether, approximately \$155,138 (\$103,904 + \$37,830 + \$13,404), or 1.55 percent (\$155,138 / \$10,000,000) of total appropriations were spent on the administrative costs incurred by ECD, well below the 5 percent maximum amount allotted to ECD for administrative expenditures pursuant to this legislation. As a result, lowering the maximum percentage allowed to ECD for administrative purposes from five percent to four percent will not result in any significant impact.

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## **IMPACT TO COMMERCE:**

**NOT SIGNIFICANT**

Assumption:

- Decreasing, from five percent to four percent, the percentage that may be used by ECD to offset administrative costs will not impact ECD's funding awarded to businesses under the Program. Any impact on jobs and commerce in Tennessee is estimated to be not significant.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/jdb